

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Application of Pacific Gas and Electric
Company to Revise its Electric Marginal
Costs, Revenue Allocation and Rate Design

Application No. 19-11-019
(Filed November 22, 2019)

**PROTEST OF EAST BAY COMMUNITY ENERGY, MARIN CLEAN ENERGY,
PENINSULA CLEAN ENERGY, PIONEER COMMUNITY ENERGY, SAN JOSE
CLEAN ENERGY, SILICON VALLEY CLEAN ENERGY AND SONOMA CLEAN
POWER TO THE APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY TO
REVISE ITS ELECTRIC MARGINAL COSTS, REVENUE ALLOCATION AND
RATE DESIGN**

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January 10, 2020

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REVISE ITS ELECTRIC MARGINAL COSTS, REVENUE ALLOCATION AND
RATE DESIGN**

Pursuant to Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission” or “CPUC”), East Bay Community Energy (“EBCE”),¹ Marin Clean Energy (“MCE”),² Peninsula Clean Energy (“PCE”),³ Pioneer Community Energy (“Pioneer”),⁴ San José Clean Energy (“SJCE”),⁵ Silicon Valley Clean Energy (“SVCE”),⁶ and Sonoma Clean Power (“SCP”),⁷ (collectively “the Joint CCAs”)⁸ hereby protest the relief sought in the above-captioned *2020 General Rate Case Phase II Application of Pacific Gas and Electric*

¹ EBCE is the community choice aggregator (“CCA”) for Alameda County.

² MCE is the CCA for Marin and Napa Counties, unincorporated Contra Costa County, unincorporated Solano County, and the Cities and Towns of Allendale, Benicia, Concord, Danville, Dixon Ridge, El Cerrito, Elmira, Green Valley, Lafayette, Martinez, Moraga, Oakley, Pinole, Pittsburg, Richmond, San Pablo, San Ramon, and Walnut Creek.

³ PCE is the CCA for San Mateo County.

⁴ Pioneer is the CCA for unincorporated Placer County, the cities of Auburn, Colfax, Lincoln, and Rocklin, and the town of Loomis.

⁵ SJCE is the CCA for the City of San José.

⁶ SVCE is the CCA for unincorporated Santa Clara County, and the Cities and Towns of Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Saratoga, and Sunnyvale.

⁷ SCP is the CCA for the Cities of Cloverdale, Cotati, Fort Bragg, Petaluma, Point Arena, Rohnert Park, Santa Rosa, Sebastopol, Sonoma, Willits and the Town of Windsor, and the Counties of Sonoma and Mendocino.

⁸ The above-mentioned CCAs respectfully request independent party status.

Company (“PG&E”) (*U 39 M*) (“Application”). The Joint CCAs protest the Application on the grounds the utility has fallen short of demonstrating the entirety of the relief it requests is just and reasonable.

The Commission is charged with ensuring that “[a]ll charges demanded or received by any public utility . . . shall be just and reasonable” and cannot approve a rate change “except upon a showing before the commission and a finding by the commission that the new rate is justified.”⁹ PG&E’s Phase II general rate case (“GRC”) Application addresses marginal cost, revenue allocation and rate design issues covering the next three years.¹⁰ Specifically, the utility seeks modifications to its rates for distribution, generation, and its public purpose program (“PPP”) non-bypassable charge (“NBC”).¹¹ PG&E’s proposed schedule anticipates a final CPUC Decision in this proceeding in August 2021, with rates not effective until November 2021.¹²

PG&E’s revenue allocation and rate design affect the Joint CCAs’ customers and businesses in the many ways discussed in this Protest. The utility’s proposed rates warrant close review and validation, and the impact of the Application on both departed and bundled customers requires cautious and careful consideration under the applicable standards of proof. PG&E, as the applicant, has the burden of affirmatively establishing the reasonableness of all aspects of its application,¹³ and that burden of proof generally is measured based upon a preponderance of the evidence;¹⁴ that is, evidence of “a requisite degree of belief.”¹⁵ The

⁹ Cal. Pub. Util. Code §§ 451 and 454.

¹⁰ Application at 1-2.

¹¹ *Id.* at 5.

¹² *Id.* at 25.

¹³ *See, e.g.*, D.12-12-030 at 42.

¹⁴ *See, e.g.*, D.18-01-009 at 9-10; D.15-07-044 at 29 (observing that the Commission has discretion to apply either the preponderance of evidence or clear and convincing standard in a ratesetting

Commission must not only ensure PG&E's proposed rates are just and reasonable but also that the utility is competing fairly with CCAs,¹⁶ and there are no cost shifts between bundled and unbundled providers.¹⁷

The Joint CCAs disagree with certain proposals within PG&E's Application and do not believe PG&E has established that all aspects of its proposals are accurate, appropriate, just and in compliance with the law and Commission precedent. The Application should not be approved without the modifications the Joint CCAs will propose in this proceeding.

I. JOINT CCAS' INTEREST

Except for SJCE, each of the Joint CCAs is governed by a Board of Directors comprised of elected officials who represent the individual cities and counties the CCA serves or an elected City Council.¹⁸ SJCE is the City of San José's CCA program, which is administered by the San Jose Community Energy Department. While the Joint CCAs' advocacy frequently benefits both bundled and unbundled customers, the CCAs are the sole advocates for their customers and their local energy programs before this Commission.

CCA customers receive generation services from their local CCA, and receive transmission, distribution, billing, and other services from PG&E. As such, CCA customers in PG&E's service territory must pay the same electric distribution, transmission and non-bypassable rates as PG&E's bundled customers. However, CCA customers pay CCA-specific generation rates, which vary and are partially influenced by local mandates to increase electric vehicle use, procure and maintain clean electricity portfolios that in many cases exceed state

proceeding, but noting that the preponderance of evidence is the "default standard to be used unless a more stringent burden is specified by statute or the Courts.").

¹⁵ D.12-11-051 at 9 and D.09-03-025 at 8 (both citing Cal. Evidence Code § 190).

¹⁶ See Section 2(h) of Senate Bill (SB) 790 (Leno, 2011).

¹⁷ See Cal. Pub. Util. Code §366.2.

¹⁸ See *id.*

requirements for renewable generation, and achieve other local goals. CCA and other unbundled customers are also subject to several NBCs, including the Power Charge Indifference Adjustment (“PCIA”) and the PPP.

PG&E’s revenue allocation and rate design affect many aspects of the CCAs’ businesses. Issues such as the presentation of the PCIA on customers’ bills affect the CCAs’ ability to fairly compete with PG&E. Various factors, such as the content and timing of the meter data CCAs receive from PG&E and the importance of promoting customer understanding, all but require the CCAs to mirror most of the utility’s rate designs, which in turn impacts the CCAs’ ability to meet local and state policy objectives. The revenue allocators established in this proceeding determine the PCIA rate each CCA customer class will pay when applied to the indifference amount established within the utility’s Energy Resource Recovery Account (“ERRA”) forecast proceeding each year. Finally, the various CCA charges established in this proceeding affect the bills CCA customers pay.

Failure to ensure rates are set in a just, transparent and cost-based manner will have a substantial impact on the Joint CCAs and the millions of customers who receive generation service from them. Consequently, the Joint CCAs have a real, present, tangible and pecuniary interest in this proceeding.

II. GROUNDS FOR PROTEST

The Joint CCAs have identified several issues that impact the interests described above. The specific issues enumerated below should be considered preliminary matters that the Joint CCAs have identified as unjust and unreasonable and potentially having anti-competitive impacts. The Joint CCAs are still examining the Application, and reserve the right to address and protest

additional issues in the course of this proceeding as they arise through further review, analysis, discovery and investigation of all aspects of the Application.

A. The Presentation of the PCIA on Bundled Customers' Bills.

The PCIA is a volumetric charge representing the above-market portion of generation costs, *e.g.*, power purchase agreements and utility-owned generation costs, PG&E has incurred to serve bundled and unbundled customers over the past decades.¹⁹ Both bundled and unbundled customers pay PCIA-eligible costs,²⁰ although for bundled customers such costs are not charged separately as PCIA costs either within PG&E's tariffs or on customers' bills. Unlike CCA customers, therefore, bundled customers do not see the PCIA as a separate per-kWh charge on their bill. This approach causes confusion for CCA customers, making it appear as though they pay extra for generation service after they depart PG&E's service, which is not the case.

In its Application and testimony, PG&E states the "PCIA is now allocated to bundled customers separately and should be collected from bundled customers on a non-time differentiated, per kWh basis (*i.e.*, the same way it is collected from DA/CCA customers)."²¹ As a result, PG&E proposes to "allocate generation revenue to bundled customers in two pieces," with the PCIA being the first part, and the second part being the remaining, at-or-below market component of the generation revenue requirement.²² PG&E argues this approach is necessary to increase "the goals of transparency and equity of cost allocation among bundled, DA and CCA customers."²³ The Joint CCAs agree with this aspect of PG&E's proposal and agree adopting

¹⁹ See, *e.g.*, D.18-10-019 at 3, 8-9.

²⁰ Exh. PG&E-3 at 1-8:1-17.

²¹ Exh. PG&E-3 at 1-14:13-16.

²² Exh. PG&E-3 at 1-8:1-17, 1-3:9-13 and 2-8:6-9; *see also* Exh. PG&E-1 at 1-9:29-31.

²³ Exh. PG&E-3 at 1-8:1-17 and 1-3:9-13; Application at 4.

this change will bring the utility's rates closer to the goals of transparency and equity in cost allocation.

However, the utility falls one important step short of fully achieving a fair and transparent presentation of the above-market generation costs it has incurred to serve its customers. While "PG&E proposes to separately identify this rate element in each rate schedule," it will "continue to combine this item with generation for bundled customer billing."²⁴ While the Joint CCAs have not conducted discovery on the specific question, it appears from this statement as though the utility is proposing to continue to keep the above-market generation costs that comprise the PCIA hidden within the generation charges on bundled customers' bills while continuing to include it separately on bills for unbundled customers.

The resulting scenario is one where two neighbors, one a CCA customer and one a PG&E customer, would not be able to compare the generation rates on their bills side-by-side. Instead, the bundled customer presumably would need to review the relevant PG&E tariff, and obtain their specific PCIA rate, in order to determine the right mathematical calculations to conduct in order to remove the PCIA from that customer's generation portion of the bill. The Joint CCAs believe such a result is contrary to the principle of transparency, prevents bills from being "as easy to understand as possible,"²⁵ and constitutes a barrier to Senate Bill 790's aim to "foster fair competition" between the utilities and CCAs.²⁶

D.18-10-019, issued in R.17-06-026, *i.e.*, the PCIA proceeding, revised how the PCIA was calculated and addressed this question of bill presentation.²⁷ As PG&E acknowledges in its testimony, "[t]he Commission made the following comment with regard to changes to bundled

²⁴ Exh. PG&E-3 at 1-8:1-17; *see also* Exh. PG&E-1 at 1-9:29-31.

²⁵ Application at 3.

²⁶ *See* Section 2(h) of Senate Bill (SB) 790 (Leno, 2011).

²⁷ D.18-10-019 at 117-119.

bills to separately display the PCIA: ‘We agree that bundled customers should be made aware of the fact that all customers are paying their share of the utility’s uneconomic costs.’”²⁸ The Commission actually went a step further than PG&E’s testimony suggests, stating “[w]e find merit in the tariff revision and bill presentation proposals put forth by AReM/DACC and CalCCA,” the latter of which would have required “the Joint Utilities to present uneconomic portfolio costs as a separate line item on bundled customer bills to better align customer understanding of the rates they pay.”²⁹

While the Commission ultimately did not adopt that proposal in D.18-10-019, it recommended the parties discuss the issue in working groups in the PCIA proceeding, which the parties have already done, and put forth a proposal.³⁰ The Joint CCAs support PG&E including a proposal on this issue in this proceeding since changes to the utility’s tariffs, and any commensurate adjustment to the presentation of those adjustments on customers’ bills, are best adopted within this rate case. The Joint CCAs plan to present testimony in this proceeding establishing the fact that the best way to achieve a transparent ratemaking regime that fosters fair competition is to modify PG&E’s proposal to include the PCIA as a separate line item on both bundled and unbundled customers’ bills.

B. CCA and Direct Access Fees.

PG&E also proposes changes to the DA/CCA event-based fees that were not updated in the 2017 Phase II GRC proceeding, as reflected in the table below:³¹

²⁸ Exh. PG&E-3 at 1-8, n.10 (citing D.18-10-019 at 119).

²⁹ D.18-10-019 at 117-119.

³⁰ D.18-10-019 at 119.

³¹ Exh. PG&E-3, Table 8-1 at 8-5.

ELECTRIC SCHEDULE E-CCA

Service Description	Tariff Reference	Fee Type	Current Fee	Proposed "At Cost" Labor Per Hour ^(a)	Effective Cost Example ^(a)
CCA Service Establishment	Sheet 1: 1	Per Hour	\$119.58 to \$149.48	\$109.50 to \$154.03	N/A
Customer List Development	Sheet 2: 2c	Per Data Extract	\$2,596	\$109.50	\$438
Mass Enrollment	Sheet 2: 3	Per Event	\$4,475	\$154.03	\$3,081
<u>MDMA Services</u>					
Reposting Monthly Meter Data	Sheet 5: 6c	Per Meter Read	\$20.84	\$137.94	(b)
Reposting of Account Usage (12-month history)	Sheet 5: 6d	Per Hour	\$104.25	\$137.94	N/A
Account Assistance	Sheet 5: 6e	Per Hour	\$104.25	\$133.63	N/A
<u>Other Billing Services</u>					
CCA Rate Schedule Value Usage	Sheet 6: 6b	Per Event	N/A	\$153.03	N/A
Programming for Consolidated Billing	Sheet 7: 9a	Per Hour	\$97.84	\$154.03	N/A
Account Assistance	Sheet 7: 9d	Per Hour	\$69.30	\$112.20 to \$137.94	N/A
<u>CCA Termination of Service</u>					
Voluntary Termination	Sheet 8: 10a	Per Event	\$4,475	\$154.03	\$6,161
Standard Phase-in Services	Sheet 8: 11	Per Phase-in	\$4,475	\$154.03	\$5,391

The Joint CCAs plan to investigate and review these proposed fees in this proceeding for their accuracy, reasonableness and compliance with Commission precedent.

C. Other Ratemaking Issues Impacting Local and Statewide Policy Goals.

As noted above, various factors significantly limit the Joint CCAs' ability to provide rate designs different than those determined for PG&E in this proceeding. This limitation affects the CCAs' ability to achieve important local and state policy goals, such as increasing the proliferation of electric vehicles, assisting low-income customers and reducing local and system-level peak usage via energy efficiency, demand response and distributed energy resources. The Joint CCAs hope to work with PG&E over the course of this proceeding to better understand, investigate and potentially submit proposals regarding various components of the Application's suggested rate designs, including:

- PG&E's implementation of D.18-09-013 regarding the PCIA exemption for Medical baseline customers;

- Whether PG&E’s proposal to transition all customer classes to their full cost of service over a six-year period should be adopted;
- The degree to which PG&E’s proposed electric vehicle rates are cost-based and should be modified;
- Whether the methodologies PG&E utilized to calculate the cost of service for net energy metering customers, including those in CCA service territories, is reasonable;
- Whether the modification of certain NBCs to make them time-variant would better achieve state policy goals;
- Whether PG&E’s time-of-use (“TOU”) rates such as its off-peak and super off-peak rates are cost-based and, if not, whether more cost-based TOU rates will better achieve state policy goals;
- The impacts on California Alternate Rates for Energy, or CARE, customers from moving recovery of the Self-Generation Incentive Program and California Solar Initiative revenue requirements to the PPP; and
- What changes are needed to PG&E’s rate design, tariffs and billing processes to make it easier for CCAs to be able to offer alternative generation rate designs and tariffs that accelerate achievement of local and state policy goals.

III. ISSUES, CATEGORIZATION OF PROCEEDING, NEED FOR HEARINGS AND PROPOSED PROCEDURAL SCHEDULE.

PG&E’s Application proposes the following issues:

- Are PG&E’s marginal cost proposals reasonable and should they be adopted?
- Are PG&E’s revenue allocation proposals reasonable and should they be adopted?
- Are PG&E’s rate design proposals reasonable and should they be adopted?
- Are the proposed updated gas and electric Baseline quantities reasonable and should they be adopted?
- Are PG&E’s proposed updated service fees for DA and CCA customers, filed in compliance with D.13-04-020, reasonable, and should they be adopted?
- Is PG&E’s other proposals set forth in testimony reasonable, and should they be adopted?³²

³² Application at 22.

The issues the Joint CCAs have raised in this Protest are subsumed within these quite broadly stated issues. However, the Joint CCAs or another party to this proceeding are likely to put forth other ratemaking-related proposals in this case. Thus, the Joint CCAs suggest the addition of the following general issue for the Commission's consideration when scoping the proceeding:

"Should the marginal cost, revenue allocation, and rate design proposals and policies put forth by other parties' be adopted in place of, or in addition to, those from PG&E?"

The Joint CCAs agree with the classification of this proceeding as ratesetting.

PG&E has stated it plans to hold settlement discussions,³³ and the Joint CCAs look forward to participating in such discussions, but we agree that hearings are likely necessary to present the facts related to the issues discussed above to the extent they are not resolved by settlement.

The Joint CCAs do not oppose the schedule put forth by PG&E at this time. However, the Joint CCAs plan to review the Protests and Responses of other parties prior to the Prehearing Conference and reserve their right to modify this position at that time.

IV. COMMUNICATIONS

The Joint CCAs consent to "email only" service and request that the following individuals be added to the service list for A.19-11-019 on behalf of the Joint CCAs:

Party Representative for each of the Joint CCAs:

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³³ Application at 22.

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V. CONCLUSION

For the foregoing reasons, the Joint CCAs respectfully request the Commission set this matter for hearing to fully examine the GRC issues discussed above.

Dated: January 10, 2020

Respectfully submitted,



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